

A decorative border of small house icons surrounds the central text. The top and bottom borders are continuous rows of 18 icons each. The left and right borders are vertical columns of 18 icons each, with the top and bottom icons of these columns overlapping the horizontal borders.

ADDENDUM III

APPLICATION FOR SPECIAL NEEDS RENTAL HOUSING

Revised 06/05/2003

Includes:

A. MSHDA Supportive Housing Site Selection Criteria

NOTE: There are now separate checklists for each of the following programs:

- **Addendum I - LIHTC Program**
- **Addendum III - Special Needs Rental**
- **Addendum IV - Multi-Family Direct Lending/HOME Team Advantage**
- **Addendum V - Modified Pass Through Program**
- **Addendum VII - Section 236 and Section 202 Preservation Programs**

Please use the checklist applicable to the program for which you are applying.

The following items **MUST** be submitted if applicable to the project and/or for points to be given to the project. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist with your application. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **APPLICANTS APPLYING FOR MORE THAN ONE TYPE OF FINANCING MUST INCLUDE ALL APPLICABLE CHECKLISTS' EXHIBITS. DUPLICATION OF EXHIBITS IS NOT NECESSARY.**

EXHIBIT CHECKLIST		
Addendum III:		
✓	#	Special Needs Rental
	1	A narrative description of the project which includes the type of project; location; type of financing; tenants served, bedroom mix; local, federal or state subsidies; and other relevant information.
	2	Land Control - Documentation, signed by all applicable parties, in the form of warranty deed, exclusive option to purchase, land contract, etc., which evidences ability to maintain site control for 120 days from the date of application submission, with extensions available.
	3a	Zoning - Documentation from the appropriate local official on official letterhead, identifying the address of the project, the property's current zoning designation and an explanation of whether or not the project is permitted under the zoning ordinance. For rehabilitation projects a letter from the municipality stating that the zoning is compatible with the proposed use of the buildings is required. If the project is not currently properly zoned, what, if any, steps are in process to obtain proper zoning for the proposed development. The documentation must include a timetable for rezoning.
	3b	Zoning Map
	3c	A certified copy of the current Community Zoning Ordinance
	4	Site Utility Availability - Documentation from the municipality and/or local utility companies on their letterhead regarding utility availability and adequacy to serve the site, including whether such is currently available or will be available.
	5	Market Data - See Tab C for specific guidelines. Two copies must be submitted and dated within six months of application submission. If applying for Special Needs points under LIHTC, three copies must be submitted.

EXHIBIT CHECKLIST

Addendum III:

Special Needs Rental

✓	#	
	6	Evidence of Local Need and Priority - from local planning group. Attach a copy of the Continuum of Care Plan or local plan for supportive housing.
	7a	HOME Environmental Checklists - Statutory Checklist and Environmental Assessment Checklist <u>required for new construction or adaptive reuse.</u> (TAB T) SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	7b	HOME Environmental Checklist - Environmental Checklist - Rehabilitation; <u>required for acquisition/moderate rehabilitation projects.</u> (TAB T) SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	8	Title Insurance Commitment - dated within 180 days of the date of application submission, which sets forth all encumbrances on the property, together with copies of such encumbrances.
FOR EXHIBITS 9A THROUGH 9E, DUPLICATION OF INFORMATION IS <u>NOT</u> NECESSARY		
	9a	Construction Financing - Evidence of application to construction lender showing that application is under serious consideration.
	9b	Permanent Financing - Evidence of submission of application to mortgage lender: in the case of an RHS project, the completed AD 622 form; in the case of conventional financing, documentation from the lender(s) stating that a formal application for permanent financing has been submitted and is under serious consideration; and in the case of a MSHDA financed project, evidence that the project has been accepted for processing. All documentation must include mortgage amount, interest rate and term of loan.
	9c	Confirmation of Secondary Financing - if applicable. Proposals which rely on some form of secondary financing to achieve feasibility must be accompanied by a detailed explanation and a confirmation from the source of that secondary financing that the additional funds have been applied for and are (or are expected to be) available.
	9d	Federal, State or Local Government Financing - Letter from local municipality stating that application has been submitted and amount of request.
	9e	Grants/Other Subsidies - Letter from proposed grantor stating that application has been submitted and amount of request. If applying for points, the letter must state the amount of the grant/subsidy and that it has been approved.
	10	Community Map - A map showing the major streets in the community, identifying the precise location of the site as well as the location of various facilities and amenities such as food stores, drug stores, schools, social services, railroads, parks, churches, etc. in the immediate neighborhood. This community map must be in an 8 1/2" x 11" format, ready for copying and distribution to MSHDA staff and private appraisers without further required annotation.

EXHIBIT CHECKLIST

Addendum III:

Special Needs Rental

√	#	
	11a	Owner Experience - MUST COMPLETE FORM PROVIDED ON PAGE 26. Do not send Previous Participation Certification, FmHA 1944-37, or HUD 2530.
	11b	Management Entity Experience - MUST COMPLETE FORM PROVIDED ON PAGE 27. Previous Participation Certification, FmHA 1944-37, or HUD 2530 will not be considered for management experience points.
	12a	Affirmative Fair Housing Marketing Plan - See Tab P for AFHMP guidelines. SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	12b	Preliminary Equal Opportunity Plan - See Tab F for guidelines
	13	Nonprofit Documentation - Submit A-J unless you have recently submitted a "Partnership Profile" to the Office of Community Development. a) Documentation of Federal 501(c)(3) or (4) status from the IRS b) A certified copy of the Articles of Incorporation dated within 30 days of application submission. c) Copy of by-laws d) List of the board of directors, if applicable; indicate which are representatives of the local community. e) An executed agreement between the sponsor and the non-profit if the project is a joint venture. f) Description of the nonprofits previous experience in housing. Must complete form provided on Page 28. g) Current Certificate of Good Standing dated within 30 days of application submission. h) Map outlining service area of nonprofit i) Narrative describing the nonprofit's involvement in the local community j) Proof of CHDO approval (if applicable)
	14	Ownership Entity Formation - Certified copy (dated within 30 days of application submission) of the certificate of limited partnership and any amendments on file with the Corporation and Land Development Bureau, if applying for tax-credit readiness points. SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	15	Tax Abatement - Proof of tax abatement or a letter of tax abatement support from local taxing jurisdiction. SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	16	Copy of Site Plan
	17	Proof of Local Taxation Rate (if no tax abatement) For acquisition/ rehabilitation a tax bill will meet requirement.
	18	Letters of Commitment for Services
	19	Memorandum of understanding for services and housing.

EXHIBIT CHECKLIST

Addendum III:

Special Needs Rental

√	#	
	20	Contract with local service provider (For transitional housing and/or homeless programs and programs serving people with handicapping characteristics only) - Agreement with local service provider outlining services to be provided. Must be accompanied by a plan which outlines the services to be provided to the tenants, and a budget showing the plan is affordable.
	21	Site Survey - Refer to MSHDA's Legal Form 026, dated 3/95 and titled "Survey Requirements/Language to be Incorporated on Survey." (TAB U)
	22	Soil Conditions - Proof of engineering report of soil boring test. SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	23	Resumes for all members of the development team and professional license for the architect. A current Michigan Residential Builders License for the contractor.
	24	Proof of Water Charges
	25	Proof of Sewer Charges
	26	Other Construction Charges
	27	Architectural Plan and Specifications SUBMIT WITH APPLICATION IF AVAILABLE. WILL BE REQUIRED DURING LOAN PROCESSING.
	28	Schematics if available
	29	Financial statements for the sponsor(s) and builder. Individual sponsors must submit the form Individual Financial Statement (the form is available from MSHDA upon request). <u>Financial statements must be current</u> , which is defined as not more than six months earlier than the date the proposal is submitted. MSHDA requires that financial statements be updated every six months throughout the development and construction process.
	30	Credit Reports must be forwarded for each member of the sponsoring entity (corporate or individual) and for the general contractor.
	31	Contractor's Qualification Statement (AIA Document A305 - available from MSHDA upon request).

EXHIBIT CHECKLIST

Addendum III:

√	#	Special Needs Rental
	32	Guide Form Notice - Disclosures to Seller with Voluntary, Arms Length Purchase offer. (TAB R) REQUIRED FOR APPLICATIONS THAT PROPOSE TO USE HOME FUNDS FOR SUBSIDY.
	33a	Guide Form General Information Notice - Residential Tenant (Tenant occupied properties only) (TAB R) REQUIRED FOR APPLICATIONS THAT PROPOSE TO USE HOME FUNDS FOR SUBSIDY.
	33b	Current Rent Role - Complete to date of application submission REQUIRED FOR APPLICATIONS THAT PROPOSE TO USE HOME FUNDS FOR SUBSIDY.
	34	Guide Form Notice to Prospective Tenant - Tenant occupied properties only. (TAB R) REQUIRED FOR APPLICATIONS THAT PROPOSE TO USE HOME FUNDS FOR SUBSIDY.

Addendum III

INSTRUCTIONS FOR LIHTC PROPOSALS THAT WILL SERVE SPECIAL NEED POPULATIONS

INTRODUCTION

For a project to be eligible for special needs points, the proposal must include a plan for the provision of a *substantial level of services targeted* to the units dedicated for people with special needs. These services must include those that are essential for people with special needs to sustain themselves in permanent housing. The project must also reflect active collaboration between the housing developer and identified supportive service provider(s). The formulation of this relationship along with a commitment to sustain the agreed upon services over a sustained period of time must be *agreed to by the collaborators and incorporated into a memorandum of understanding*.

Addendum III must include the specified components (A through I below), in the order listed. All pages must be numbered sequentially and added as an attachment to the Tax Credit Application. (See the exhibit checklist for Special Needs that provides a summary of the documentation requirements.)

COMPLETION INSTRUCTIONS FOR SPECIAL NEEDS ADDENDUM

The special needs addendum document should be submitted incorporating all of the elements in the following order: Although no standard form is required, it is recommended that the applicant only submit that information requested utilizing a format that is concise.

A. Table of Contents

Provide a list of the 7 plan components (B through I below) and corresponding page numbers where this information can be located.

B. Project Description

Provide a brief description of your project, which includes:

- Project location and relative proximity to public transportation, hospital, shopping, etc.
- Type of development (e.g., condominium, multi-story apartment building, single family homes/subdivision, etc.);
- Unit composition;
- Number of barrier free units;
- Proposed tenants (e.g., median income levels, restrictions, etc.)

- Number of units targeted to special need populations (make sure to include whether the unit locations are pre-designated, clustered, or scattered throughout the development;
- Amenities to be included in the project that would benefit people with special needs (e.g., universal design, supportive service office space, community room, etc.)

C. Proposed Rents

The Special Needs units are intended to serve tenants with incomes at or below 30% of median income. It is our expectation that rental subsidies will be provided if rents needed to achieve feasibility are higher than those published for households at 30% of median income. These rents will be provided at the level indicated for the entire 15 year tax credit low-income use period.

- Provide a copy of page 10 of the combined MSHDA rental application from the tax credit application. Be sure to identify the proposed rents for the special need units;
- Identify the sources of funding to be used to provide any rental subsidies.

D. Service Partner(s)

1. Identify the supportive service provider(s) involved. Include:

- Name of organization(s);
- Address;
- Contact person;
- Executive director (if different from contact person);
- Telephone, fax, and e-mail address.

2. Describe the organization's history; and include:

- Prior experience with the targeted special needs population;
- Past experience with delivering the services to be provided; and
- Sources of funding dedicated to the services outlined in this plan.
- Specify the relationship of the support services plan to other current or potential grants (HUD, foundations, CDBG, etc).

If the service provider is a nonprofit contractual agent and as a result is reliant on funding from other entities to sustain the services identified, a letter documenting support from the funder(s) must be included as an attachment.

E. Supportive Services Plan

The supportive services plan should generally specify the following:

- Conditions which would qualify the proposed tenant(s) as a special need population(s);
- Expected life-skills areas for which support services are likely to be required;
- Description of the services to be provided. ***Participation in services must be voluntary.***

One specific and comprehensive plan should be transmitted. *If you are proposing to serve diverse populations, your plan should also address service distinctions designed to address unique needs.*

The plan must:

1. Provide a description of the Special Need Tenant(s) that are targeted

Provide a concise but comprehensive description of the characteristics of persons for whom support services are intended. For the purposes of this program you must identify people who meet the following definition of special need populations.

DEFINITION OF SPECIAL NEEDS POPULATIONS

A person/prospective tenant with special needs must meet the criteria in all three categories below. The tenant must have:

- a. A describable "special need condition" defined as;
 - A physical or mental impairment, or
 - A previous chemical dependency, or
 - Previous periods of homelessness, or
 - Having been a victim of domestic violence, or
 - Another condition which includes:
 - developmental disability
 - long term health disorder
- b. At the same time, this special need condition must:
 - Be of continuing or long term duration;
 - Substantially impede the person's ability to live independently without supports; and
 - Be improved by access to more suitable housing conditions.
- c. The tenant must have a *substantial and sustained* need for supportive services in order to successfully live independently. In

order to meet the special needs definition tenants must require assistance in at least two of the life-skill areas described below.

- Ability to independently meet personal care needs;
- Economic self-sufficiency (capacity for sustained and successful functioning in vocational, learning or employment contexts);
- Use of language (ability to effectively understand, be understood and handle communication as needed on a daily and ongoing basis);
- Instrumental living skills (managing money, getting around in the community, grocery shopping, complying with prescription requirements, meal planning and preparation, mobility, etc.); or
- Self-direction (making decisions/choices about one's day-to-day activities and regarding one's future).

2. Describe the proposed services including:

- ☐ Service activity, frequency and duration;
- ☐ How these services will respond to the major life-skill need areas;
- ☐ How services will be funded;
- ☐ Service location (on-site or in the community); and
- ☐ How transportation needs and/or other related services (such as child care or day care) would be addressed.

3. Specify how the services described will be coordinated or made available to all special need tenants including the expected referral sources.

4. Describe Tenant Landlord Relationships

Describe the roles of the service provider and developer/landlord in tenant/landlord relationships. Describe how prospective tenants will be recruited, screened, and selected. Describe how problem-resolution **so as to minimize *eviction*** for tenants with special needs.

F. Memorandum of Understanding/Contract

Submit written documentation (specifically, a Memorandum of Understanding or contract) between the developer and service provider(s) that outlines their mutual roles and responsibilities in this project. ***The MOU should incorporate the service plan agreed to by the parties*** and provide proof of commitment by the service provider and demonstration of an ongoing commitment by the developer and/or landlord to assure sustained availability of support services. **Please Note: It is expected that the Executive Director or Board chair of the service provider organization be a signatory to such agreements.**

G. Summary of How Project is Grounded in Community-Based Planning and Collaboration

*Note: It is the desire and intent that proposals of this type NOT occur in isolation or without the knowledge and support of community planning efforts for the community in which the development is proposed. **Do not attach a copy of the Continuum of Care Plan as evidence of this collaboration.***

Include information, as applicable, that describes how this project is related to local collaboration and community planning efforts addressing the supportive housing needs of persons with special needs.

1. Discuss the relationship of this development project to the most recent local Continuum of Care Plan (if at all).
 - a. Is the type of housing or special needs population targeted by your housing project addressed in the Continuum of Care plan?
 - b. If applicable, what priority is the need for this type of housing and need for this sub-population given in the Continuum of Care gaps analysis?
 - c. Describe the relationship of identified service provider(s) to the Continuum of Care process.
2. If this project is NOT related to the local Continuum of Care plan, discuss how it is grounded in any other relevant collaborative community strategy or plan, if applicable. Discuss how prior community planning, participation, and support have informed this project.
3. Discuss how your services provider(s) and/or support services plans are grounded in any local network or collaboration of service providers.

H. **Rental Subsidies for Special Needs**

1. Total Number of Units: _____ Total Number of Special Needs Units: _____
2. Are all the special needs units identified in the Project Income section of the Combined Application listed at 30% AMGI or lower? ☐ Yes ☐ No

If you answered “**Yes**” to #2, **no further information is required - stop here.**

If you answered “**No**” to #2, **see below.**

If **all** special needs units are **not listed at 30% AMGI in the Project Income Section of the Combined Application**, how will the rents be subsidized to meet the 30% AMGI requirement for special needs units?

Provide Proof to Receive Points:

To receive special needs points for tax credit units with rents exceeding 30% AMGI in the Project Income Section of the Combined Application, you must furnish verification of the subsidies that enable you to rent the units at 30%.

- First example: If a project has a Housing Assistance Payments Contract for Section 8 subsidies, a copy of the Contract detailing its amount and duration must be submitted. Monthly income from the Section 8 Contract must be shown in the project income section of the Combined Application.
- Second example: If a project is subsidizing the rents from project reserves, you are required maintain a “subsidy reserve account” and provide a spreadsheet with this Addendum outlining the amount and source of the monthly income. Note: A subsidy reserve account must be maintained separately from an operating reserve account. Monthly income from your subsidy reserve account must be shown in the project income section of the Combined Application on the line entitled monthly income from rental subsidies.
- Third example: If a project will receive subsidy from a service provider, a grant or another source, a letter of commitment from the service provider, a copy of the HUD Supportive Housing Program (SHP) grant, a copy of the HUD Shelter Plus Care award or other evidence outlining the amount and duration of the subsidy must be included.

I. Other Information

The applicant may provide additional information relevant to the project and review of the proposal. This could include a description of contributions or support from the developer or service provider not otherwise addressed in Addendum III, information as to whether the developer will provide funds for barrier free modification, etc.

Exhibit Checklist for Tax Credit Special Needs Points

Eight tabbed copies of A-I below are ALL required to receive special needs points.

- A. Table of Contents
- B. Project Description
- C. Proposed Rents
- D. Service Partner
- E. Supportive Services Plan
- F. Memorandum of Understandings (MOU)/Contracts
- G. Summary of Collaborative Effort
- H. Rental Subsidies for Special Needs (if applicable)
- I. Other